

## Message Text

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ORIGIN ARA-20

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 EUR-25 CEA-02 EA-11 IO-13 NEA-10

STR-08 /163 R

DRAFTED BY ARA-LA/NC:CJSTOCKMAN

8/23/73 EXT. 22615

APPROVED BY AA/LA: HERMAN KLEINE

TREASURY: MR. LOHMANN (DRAFT)

EXIM BANK: MR. DOUGHTY (DRAFT)

E/IFD/ODF: MR. GELBARD (DRAFT)

AID/PPC: MS. TOWSLEY DRAFT

ARA-LA/NC: MR. LITTLE (DRAFT)

COMMERCE: MR. O'ROURKE (DRAFT)

COMMERCE: MR. BREWER (DRAFT)

ARA/ECP: MR. MORRISSEY (DRAFT)

ARA/ECP: MR. COHEN

LA/DP: MR. MILOW

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R 232058Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA

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E.O. 11652: DECONTROL FOLLOWING 8/23/74

TAGS: EFIN, CO

SUBJECT:PARIS MEETING OF CONSULTATIVE GROUP

REFERENCE: (A) BOGOTA 5776, (B) BOGOTA 4357

(C) OECD PARIS 17354

1. U.S. COMPETITIVENESS IN EXPORT FINANCING HAS BEEN  
AND STILL IS OF PRIORITY CONCERN HERE. WE ARE CONTINUING  
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TO SEEK WAYS TO IMPROVE OUR RELATIVE COMPETITIVENESS IN

COLOMBIA AS ELSEWHERE. THE COUNTRY COMMERCIAL PROGRAM HAS BEEN PREPARED SPECIFICALLY FOR THE PURPOSE AND THE INTERAGENCY "ACTION STAFF" ESTABLISHED FOR THE CCP IS EXPECTED TO GIVE THIS HIGH PRIORITY.

2. THE APPROACH TAKEN AT THE CONSULTATIVE GROUP MEETING ON COLOMBIA FOLLOWING INTERAGENCY DISCUSSIONS HERE, REFLECTED OUR JUDGEMENT OF THE BEST WAY TO OBTAIN SOME FORWARD MOVEMENT ON THE PART OF THE PARTICIPANTS TOWARD PROVIDING AID WHICH IS LESS TIED TO THEIR EXPORTS. THIS WAS BELIEVED TO BE CONSISTENT WITH THE AMBASSADOR'S VIEWS EXPRESSED IN REF. (B) PARA. 4.

3. THE CHAIRMAN OF THE U.S. DELEGATION COVERED THIS POINT IN HIS STATEMENT AS FOLLOWS: "WE WOULD HOPE THAT OTHER DONORS REPRESENTED HERE TODAY WOULD GIVE CONSIDERATION TO PURSUING A POLICY OF MAKING LARGER COMPONENTS OF THEIR LOANS FOR LOCAL CURRENCY NEEDS OR OTHERWISE REDUCE THE TIED ELEMENT OF THEIR LOANS."

4. THE U.S. DELEGATION ALSO MADE THIS POINT IN ITS INFORMAL DISCUSSIONS WITH THE OTHER DONORS, INTERVENED SEVERAL TIMES IN THE FORMAL DISCUSSION TO EMPHASIZE IT AND SPECIFICALLY REQUESTED THAT IT BE COVERED IN THE FINAL STATEMENT ON THE MEETING. THE CONCLUDING STATEMENT OF THE CHAIRMAN OF THE CONSULTATIVE GROUP MEETING INCLUDED THE FOLLOWING: "IT WAS POINTED OUT IN THE DISCUSSION THAT CONSIDERATION SHOULD BE GIVEN TO FINANCING OF AN INCREASED PORTION OF LOCAL COSTS IN PROJECTS OF HIGH PRIORITY WITH A LOW FOREIGN EXCHANGE COMPONENT, SUCH AS AGRICULTURAL PROJECTS."

5. IT WAS FELT THAT MORE PROGRESS COULD BE MADE BY TALKING ABOUT "LOCAL COSTS" THEN BY TALKING ABOUT "UNTYING" AS SUCH. THE RECEPTIVENESS OF THE OTHER DELEGATIONS REPORTED IN REF. (C) PARAS. 18 AND 19 AND THE INCLUSION OF A STATEMENT ON THIS SUBJECT IN THE CHAIRMAN'S CONCLUDING STATEMENT CONFIRMED THIS VIEW. THE U.S. HAS ALSO APPROACHED THIS SUBJECT IN A SIMILAR WAY IN DAC DISCUSSIONS.

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6. AS POINTED OUT IN REF. (C) PARAS. 20 AND 21, THE EXPORT-IMPORT BANK EXPRESSED INTEREST IN PROVIDING FINANCING FOR UP TO \$239.6 MILLION FOR PROJECTS WITH A HIGH IMPORT COMPONENT. IN ADDITION, THE EXIM BANK REPRESENTATIVE HELD DISCUSSIONS WITH COLOMBIAN OFFICIALS ON SPECIFIC PROJECTS AND IN SOME INSTANCES THE BANK HAS ISSUED PRELIMINARY COMMITMENTS OF FINANCING. THE BANK

HAS ALSO BEEN WILLING TO TALK WITH THE EMBASSY IN BOGOTA ABOUT THE MOST EFFECTIVE MEANS TO FURTHER ITS EFFORTS.

7. THEREFORE AT THE MEETING SOME PROGRESS WAS MADE TOWARD DRAWING ATTENTION TO THE NEED FOR OTHER DONORS TO CONSIDER MORE LOCAL COST FINANCING AND THE OPPORTUNITY TAKEN FOR CLEAR AND CONCRETE EXPRESSIONS OF INTEREST OF EXIM BANK IN FINANCING PROJECTS OF HIGH IMPORT CONTENT.

8. THE SUBJECT OF MIXED COMMERCIAL AND CONCESSIONAL FINANCING WILL BE RAISED THE FIRST TIME THAT IT IS CONSIDERED MOST APPROPRIATE AND PRODUCTIVE TO DO SO. IT DID NOT SEEM ADVISABLE TO RAISE THE QUESTION OF MIXED CREDITS AT THE JUNE CONSULTATIVE GROUP MEETING IN VIEW OF THE PROPOSAL WHICH HAD JUST BEEN INTRODUCED IN THE CONGRESS TO ESTABLISH A "UNITED STATES EXPORT DEVELOPMENT CREDIT FUND". THIS SEEMED TO BE ESPECIALLY SO SINCE IT WAS NOT CLEAR AT THAT TIME WHETHER THE CONGRESS WOULD ACT TO ESTABLISH SUCH A FUND OR TO WHAT EXTENT IT MIGHT BE CHANGED. ALSO IT WAS NOT POSSIBLE TO TELL WHAT THE POLICY IMPLICATIONS OF THE CURRENT DISCUSSIONS MIGHT BE.

9. OUR INTEREST IN IDENTIFYING AND PROTESTING INDIVIDUAL CASES OF UNFAIR COMPETITION IS UNDIMINISHED. EMBASSY SHOULD THEREFORE CONTINUE ALERT TO MIXED FINANCING THAT APPEARS TO BE GIVING AN UNFAIR ADVANTAGE TO NON-U.S. SUPPLIERS. WE IN TURN WILL BE PREPARED TO CONSIDER SUGGESTIONS FOR APPROPRIATE EXPRESSIONS OF OUR POSITION TO THE GOC AND TO OUR COMPETITORS SO THAT U.S. SUPPLIERS MAY HAVE A MEANINGFUL OPPORTUNITY TO COMPETE. RUSH  
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